

**MINUTES OF THE STANDING COMMITTEE
ON RETIREE HEALTH CARE REFORMS**

Thursday, November 1, 2007 10:30 a.m. Room 521 House Office Building, Lansing

Representative Meadows, Chair, called the meeting to order.

MEMBERS PRESENT: Representatives Meadows, Spade, Alma Smith, Wenke, Knollenberg, Moss.

ABSENT/EXCUSED: Representatives Coulouris, Johnson, Valentine, Calley.

Representative Wenke made a motion to adopt the minutes of the meeting of October 25, 2007. No objections being offered, a unanimous ballot was cast to accept the minutes as presented.

Representative Alma Smith made a motion to excuse absent members. No objections being offered, absent members were excused.

Representatives of the Michigan Association of Retired School Personnel (MARSP) provided a presentation to the Committee. MARSP presenters were Donald Miller, MARSP Past President, Bonnie Carpenter, MARSP Executive Director, and Norvel (Budd) Hansen, Legislative Committee Member and former MPSERS Executive Director. Topics discussed included: who is represented by MARSP and MRSEERS; a brief review of the MPSERS pension payment and average pension payment; the MARSP position for consideration regarding retiree health care reform; the Master Health Care Plan today; prescription co-payments; the impact on pension; MPSERS utilization of mail order pharmacy; the Master Health Care Plan HMO option; MPSERS premium subsidy; pre-funded health care trust; and support of an increase in the Member Investment Plan (MIP) contribution on earned compensation for new hires after July 1, 2008.

Ellen Hoekstra and Paul Avieus, representing the Retirement Coordinating Council (RCC), spoke to the Committee regarding the effect of retiree health care costs on public employers. Specific topics reviewed included: RCC support of actions which have occurred to help contain retiree health care costs; increases in "cost-sharing" to retirees; the difference between reducing retiree health care costs and shifting cost increases onto retirees; and steps that state policymakers can take to help diminish the potential impact of the new GASB accounting standards and controlling health care costs.

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Michael VanOverbeke, representing the Michigan Association of Public Employees' Retirement Systems (MAPERS), discussed a variety of issues with the Committee, including: funding retiree healthcare; defining and protecting Healthcare benefits; GASB 43 and 45 and OPEB; PA 149 of 1999; other retiree healthcare funding considerations including MAPERS Act 314 amendment initiative; mandated prefunding; what protections exist regarding retiree health care promises; and defining and protecting the health care promise.

There being no additional business before the Committee, Chair Meadows declared the meeting adjourned, the time being 12:30 p.m.

Representative Mark Meadows, Chair

Catherine Petroskey, Committee Clerk
(517) 373-8538